



Walk in Their Shoes

Posted by **Pierluigi Oliverio** on Monday, May 24, 2010

The Good News: The City has a counter offer from seven out of 11 unions to take a temporary reduction in compensation (by paying more of their pension contribution temporarily on a pre-tax basis). The Not So Good News: The offer is equivalent to \$14.6 million of the \$118 million deficit, thus layoffs and service cuts are inevitable.

The "Not So Good News" reminds me of what Bob Brownstein said at the meeting I attended about the budget deficit hosted by the labor unions last month: "Layoffs are unavoidable since the deficit is so large."

First, I want to thank those unions that made a counter offer to the Council direction. The Council directed the city manager to ask for a 5 percent ongoing pay/compensation reduction and another 5 percent in one-time reductions for a total of 10 percent. Although the offer from the unions is only a temporary reduction and is less than 10 percent, it is still an offer which should be respected.

I think it is important to look at this current situation from the union's point of view. Unions have their own internal power structure. There is the union business agent and other hierarchy that need to satisfy their membership while at the same time managing the unions overarching goals.

The membership is divided within a union; there are those would wish to not be represented by the union but they have no choice. Other union members object to the larger policies the union hierarchy may support and these policies may have nothing to do with the workers that are represented. Beyond that, there is more division between union members that have seniority and those who are new on the job.

I think it is an extreme challenge to be a union boss at this time. You have public opinion that has plummeted in viewing labor unions more negative than positive; falling union membership in this country to approximately 12 percent (or in other words 88 percent of Americans are not in a union), government revenues declining, residents resistant

to tax increases and a membership body that is divided and oftentimes upset.

With this said, I think it is a big deal that labor unions made the city of San Jose a counter offer. I believe the union leadership has taken a lot of punches internally just for making a concession.

The concessions offered (although thoughtful) are not enough and the City will still have significant layoffs and service cuts to residents of San Jose. One-time cuts push the problem out to future years as past city budgets have done. Pushing off discussions regarding new pension benefits for new employees is problematic. Also, draining reserves at a time when we see falling property valuations in Santa Clara County which will result in lower property tax revenue for cities, instability of the economy, our "pick-pocket" state legislature that constantly takes money from cities are all reasons why draining the economic uncertainty reserve now as suggested by the unions is risky.

If concessions are not easily understood by the general public, then the public may continue to distrust both unions and city government (Another reason we need to have these negotiations held as public meetings). This distrust may not allow for any potential increases in taxes that may have merit for city services. For example the city of Campbell raised their sales tax to pay for city services. San Jose may indeed look at a November ballot measure to raise taxes like Campbell.

Therefore, I would encourage discussions at the negotiation table to see where the gap can be bridged between the Council's goal of \$49 million in concessions from these seven unions and the present offer of \$14.6 million in temporary savings.

On a separate and happier note, hats off to the Willow Glen High school varsity baseball team and Coach Mike Reilly with an incredible record of 27 consecutive wins.

The 2010 San Jose Budget Trade-Offs Survey closes this week.

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